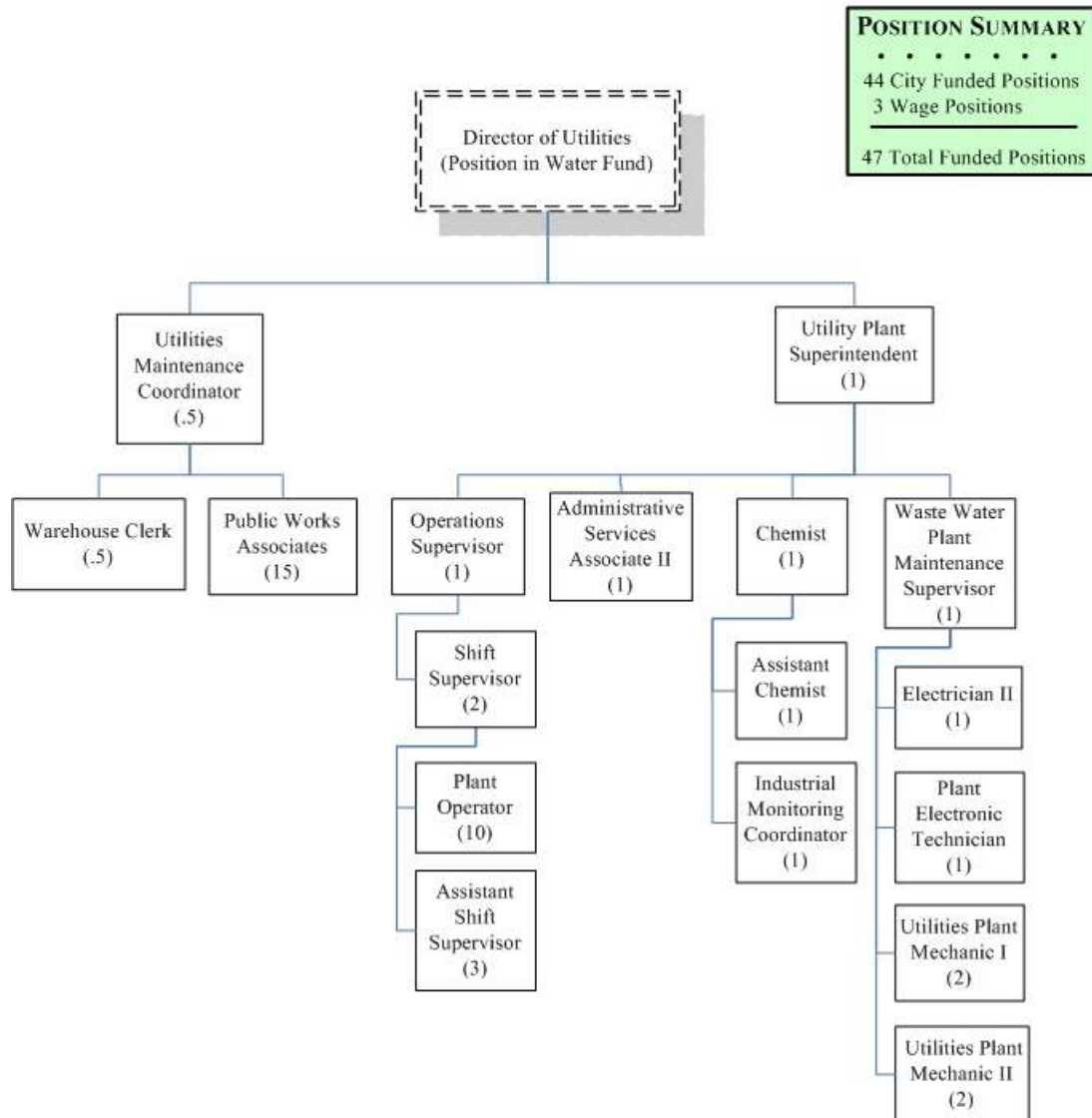


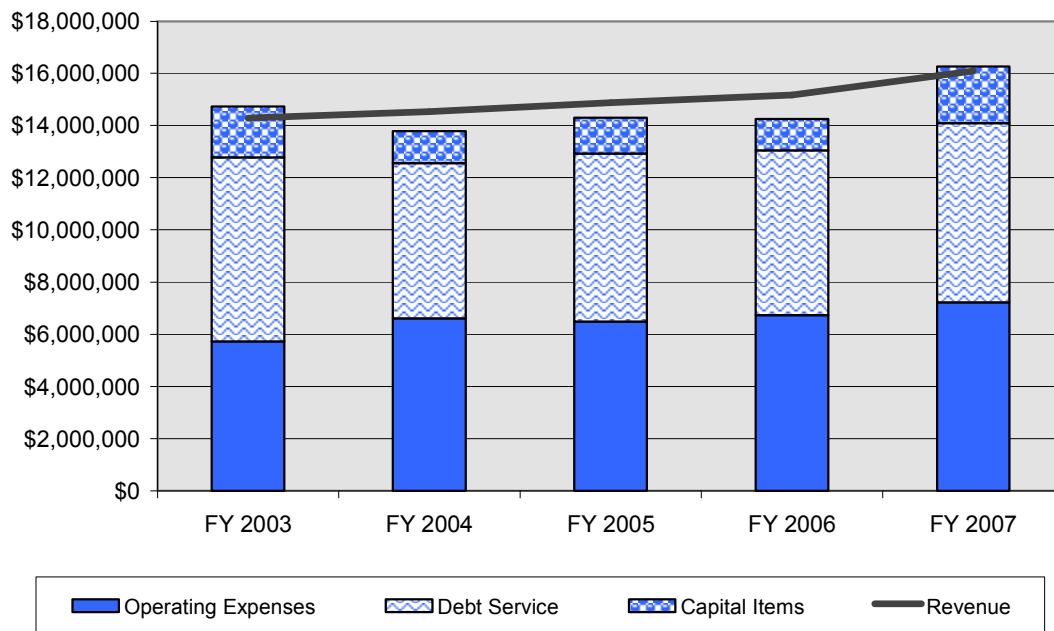
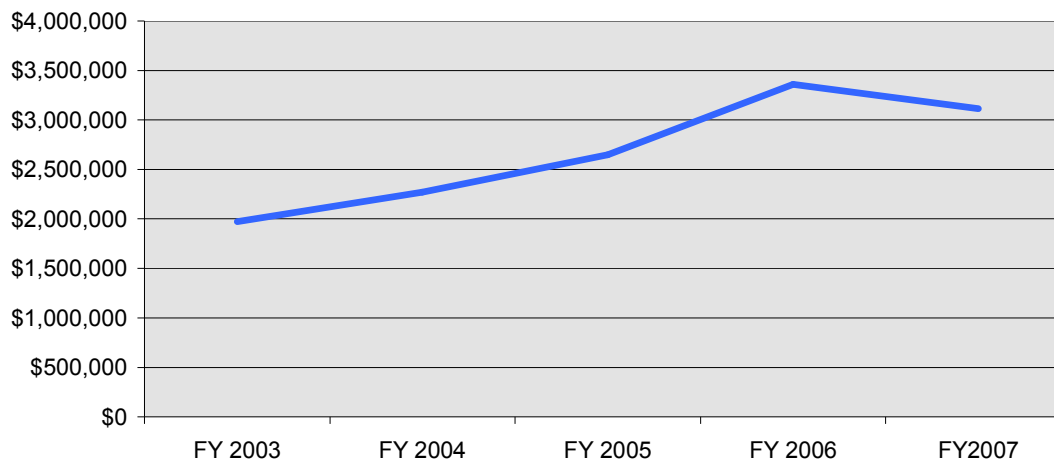


# UTILITIES DEPARTMENT SEWER FUND



**Sewer Fund Description**

The Utilities Division operates a regional wastewater treatment plant that can treat up to 22 million gallons a day of domestic and industrial wastewater. Wastewater is treated to Federal and State water quality standards before being discharged into the James River. Wastewater service is provided to approximately 80% of the citizens and businesses in Lynchburg. Service is also provided to parts of Amherst, Bedford and Campbell Counties under the terms of the 1974 Regional Institutional Wastewater Treatment Agreement. Under this agreement, the counties share in 20% of the operating and capital expenses of the wastewater treatment plant. The Utilities Division also cleans, monitors and repairs the wastewater collection system, including an extensive network of sanitary and combined sanitary/storm drains. The City built its original combined sewer system at the turn of the century and is now renovating it to meet new federal and state standards.

**Revenues & Expenses****Ending Unrestricted Cash**

**Sewer Fund Debt Coverage**

|                                      | Actual<br>FY 2005   | Adopted<br>FY 2006  | Department<br>Requested<br>FY 2007 | Manager's<br>Proposed<br>FY 2007 | Adopted<br>FY 2007  |
|--------------------------------------|---------------------|---------------------|------------------------------------|----------------------------------|---------------------|
| <b>DEBT COVERAGE</b>                 |                     |                     |                                    |                                  |                     |
| <b>Revenues:</b>                     |                     |                     |                                    |                                  |                     |
| Charges for Services                 | \$13,135,312        | \$13,277,804        | \$13,659,408                       | \$13,659,408                     | \$13,659,408        |
| Sewer Contracts                      | 2,060,325           | 1,798,083           | 2,080,053                          | 2,080,053                        | 2,080,053           |
| Interest & Other                     | 162,377             | 98,500              | 351,952                            | 351,952                          | 351,952             |
| <b>TOTAL</b>                         | <b>\$15,358,014</b> | <b>\$15,174,387</b> | <b>\$16,091,413</b>                | <b>\$16,091,413</b>              | <b>\$16,091,413</b> |
| <b>Expenses:</b>                     |                     |                     |                                    |                                  |                     |
| WWTP                                 | \$3,946,096         | \$4,113,731         | \$4,386,135                        | \$4,386,135                      | \$4,386,135         |
| Collection system maintenance        | 1,520,426           | 1,445,975           | 1,627,190                          | 1,627,190                        | 1,627,190           |
| Non-Departmental                     | 602,916             | 875,260             | 914,477                            | 914,477                          | 914,477             |
| Major Sewer line cleaning            | 15,785              | 200,000             | 200,000                            | 200,000                          | 200,000             |
| Projects costs charged to operations | 33,925              | 100,000             | 100,000                            | 100,000                          | 100,000             |
| <b>TOTAL</b>                         | <b>\$6,119,148</b>  | <b>\$6,734,966</b>  | <b>\$7,227,802</b>                 | <b>\$7,227,802</b>               | <b>\$7,227,802</b>  |
| <b>Operating Income</b>              | <b>\$9,238,866</b>  | <b>\$8,439,421</b>  | <b>\$8,863,611</b>                 | <b>\$8,863,611</b>               | <b>\$8,863,611</b>  |
| Debt Service                         | \$6,205,126         | \$6,317,613         | \$6,870,442                        | \$6,870,442                      | \$6,870,442         |
| <b>Net Revenue</b>                   | <b>\$3,033,740</b>  | <b>\$2,121,808</b>  | <b>\$1,993,168</b>                 | <b>\$1,993,168</b>               | <b>\$1,993,168</b>  |
| Debt Coverage ratio Target           | 1.20                | 1.20                | 1.20                               | 1.20                             | 1.20                |
| Debt Coverage ratio                  | 1.49                | 1.34                | 1.29                               | 1.29                             | 1.29                |

**Sewer Fund Sources and Uses of Cash**

|  | Actual<br>FY 2005   | Adopted<br>FY 2006  | Department<br>Requested<br>FY 2007 | Manager's<br>Proposed<br>FY 2007 | Adopted<br>FY 2007  |
|--|---------------------|---------------------|------------------------------------|----------------------------------|---------------------|
| <b>SOURCES AND USES OF CASH</b>  |                     |                     |                                    |                                  |                     |
| <b>Sources of Cash:</b>  |                     |                     |                                    |                                  |                     |
| Beginning cash balance   | \$6,508,157         | \$4,868,349         | \$10,448,399                       | \$10,448,399                     | \$10,448,399        |
| Net Revenue  | 3,033,740           | 2,121,808           | 1,993,168                          | 1,993,168                        | 1,993,168           |
| G.O. Bond proceeds   |                     | 2,200,000           | 0                                  | 0                                | 0                   |
| VRLF loan drawdowns  | 2,654,072           | 6,700,000           | 9,422,652                          | 9,422,652                        | 9,422,652           |
| Proceeds from other organizations                                      | 23,255              | 0                   | 0                                  | 0                                | 0                   |
| Federal and State capital grants                                       | 3,889,161           | 903,800             | 1,500,000                          | 1,500,000                        | 1,500,000           |
| <b>TOTAL</b>   | <b>\$16,108,385</b> | <b>\$16,793,957</b> | <b>\$23,364,219</b>                | <b>\$23,364,219</b>              | <b>\$23,364,219</b> |
| <b>Uses of Cash</b>  |                     |                     |                                    |                                  |                     |
| Capital purchases  | 9,717,359           | 11,770,992          | 17,518,933                         | 17,518,933                       | 17,518,933          |
| Transfers to other funds   | 164,394             | 44,394              | 452,000                            | 452,000                          | 452,000             |
| Change in working capital items  | (682,764)           | 212,160             | 51,000                             | 51,000                           | 51,000              |
| <b>TOTAL</b>   | <b>\$9,198,989</b>  | <b>\$12,027,546</b> | <b>\$18,021,933</b>                | <b>\$18,021,933</b>              | <b>\$18,021,933</b> |
| <b>Ending cash</b>   | <b>\$6,909,396</b>  | <b>\$4,766,411</b>  | <b>\$5,342,286</b>                 | <b>\$5,342,286</b>               | <b>\$5,342,286</b>  |
| Cash Restricted for Capital Projects                                   | (2,573,028)         | (1,409,264)         | (2,229,625)                        | (2,229,625)                      | (2,229,625)         |
| <b>Ending Unrestricted Cash</b>  | <b>\$4,336,368</b>  | <b>\$3,357,147</b>  | <b>\$3,112,661</b>                 | <b>\$3,112,661</b>               | <b>\$3,112,661</b>  |
| Operating expenses and debt service                                    | \$12,324,273        | \$13,052,579        | \$14,098,244                       | \$14,098,244                     | \$14,098,244        |
| Unrestricted cash target as a % of operating expenses and debt service | 25%                 | 25%                 | 23%                                | 23%                              | 23%                 |
| Unrestricted cash as a % of operating expenses and debt service        | 35%                 | 26%                 | 22%                                | 22%                              | 22%                 |

This Statement of Sources and Uses of Cash has been added to the Budget in order to more closely align the budget presentation to the requirements of GASB 34 and provide additional information concerning the cash flows in the operating and capital funds.



## Sewer Fund

|                               | Actual<br>FY 2005   | Adopted<br>FY 2006  | Department<br>Requested<br>FY 2007 | Manager's<br>Proposed<br>FY 2007 | Adopted<br>FY 2007  |
|-------------------------------|---------------------|---------------------|------------------------------------|----------------------------------|---------------------|
| <b>REVENUE SUMMARY</b>        |                     |                     |                                    |                                  |                     |
| <b>Charges for Services:</b>  |                     |                     |                                    |                                  |                     |
| Retail Volume Charges         | \$11,693,859        | \$11,960,000        | \$12,303,720                       | \$12,303,720                     | \$12,303,720        |
| Meter Charges                 | 388,725             | 406,000             | 400,000                            | 400,000                          | 400,000             |
| Septic Hauler Charges         | 323,890             | 260,000             | 325,000                            | 325,000                          | 325,000             |
| Sewer backwash charge         | 110,000             | 112,600             | 112,600                            | 112,600                          | 112,600             |
| Leachate Treatment            | 55,167              | 56,822              | 56,822                             | 56,822                           | 56,822              |
| Industrial pre-treatment      | 6,050               | 6,666               | 6,000                              | 6,000                            | 6,000               |
| Industrial Surcharges         | 164,931             | 103,000             | 103,000                            | 103,000                          | 103,000             |
| Industrial Monitoring Charges | 30,905              | 51,500              | 36,050                             | 36,050                           | 36,050              |
| Availability Fees             | 104,704             | 150,000             | 150,000                            | 150,000                          | 150,000             |
| Connection Charges            | 147,685             | 131,216             | 131,216                            | 131,216                          | 131,216             |
| Sewer cost plus               | 31,606              | 40,000              | 35,000                             | 35,000                           | 35,000              |
| All Others                    | 77,790              | 0                   | 0                                  | 0                                | 0                   |
| <b>TOTAL</b>                  | <b>\$13,135,312</b> | <b>\$13,277,804</b> | <b>\$13,659,408</b>                | <b>\$13,659,408</b>              | <b>\$13,659,408</b> |
| <b>Sewer Contracts</b>        |                     |                     |                                    |                                  |                     |
| Amherst                       | 314,114             | 296,390             | 286,355                            | 286,355                          | 286,355             |
| Bedford                       | 282,671             | 274,289             | 290,334                            | 290,334                          | 290,334             |
| Campbell                      | 183,770             | 155,894             | 177,364                            | 177,364                          | 177,364             |
| Industrial                    | 1,279,770           | 1,071,510           | 1,326,000                          | 1,326,000                        | 1,326,000           |
| <b>TOTAL</b>                  | <b>\$2,060,325</b>  | <b>\$1,798,083</b>  | <b>\$2,080,053</b>                 | <b>\$2,080,053</b>               | <b>\$2,080,053</b>  |
| <b>Interest &amp; Other:</b>  |                     |                     |                                    |                                  |                     |
| Interest                      | 118,720             | 60,000              | 313,452                            | 313,452                          | 313,452             |
| State Highway Maintenance     | 38,500              | 38,500              | 38,500                             | 38,500                           | 38,500              |
| All Other                     | 5,157               | 0                   | 0                                  | 0                                | 0                   |
| <b>TOTAL</b>                  | <b>\$162,377</b>    | <b>\$98,500</b>     | <b>\$351,952</b>                   | <b>\$351,952</b>                 | <b>\$351,952</b>    |
| <b>TOTAL REVENUES</b>         | <b>\$15,358,014</b> | <b>\$15,174,387</b> | <b>\$16,091,413</b>                | <b>\$16,091,413</b>              | <b>\$16,091,413</b> |



## Sewer Fund

|   | Actual<br>FY 2005   | Adopted<br>FY 2006  | Department<br>Requested<br>FY 2007 | Manager's<br>Proposed<br>FY 2007 | Adopted<br>FY 2007  |
|---|---------------------|---------------------|------------------------------------|----------------------------------|---------------------|
| <b>EXPENSE SUMMARY</b>                  |                     |                     |                                    |                                  |                     |
| <b>Departmental:</b>                    |                     |                     |                                    |                                  |                     |
| Personal Services                       | \$1,359,775         | \$1,423,175         | \$1,458,116                        | \$1,458,116                      | \$1,458,116         |
| Fringe benefits                         | 480,945             | 521,173             | 577,672                            | 577,672                          | 577,672             |
| Supplies & Materials                    | 453,577             | 433,900             | 475,400                            | 475,400                          | 475,400             |
| Sludge disposal - landfill              | 633,399             | 625,000             | 700,000                            | 700,000                          | 700,000             |
| Chemicals                               | 294,585             | 250,000             | 471,000                            | 471,000                          | 471,000             |
| Gasoline / fuel                         | 41,092              | 45,200              | 59,097                             | 59,097                           | 59,097              |
| Internal service charges                | 56,775              | 71,888              | 74,025                             | 74,025                           | 74,025              |
| Rentals & leases                        | 4,974               | 6,500               | 6,500                              | 6,500                            | 6,500               |
| Communication charges                   | 6,945               | 8,700               | 8,700                              | 8,700                            | 8,700               |
| Utilities                               | 439,428             | 460,000             | 470,000                            | 470,000                          | 470,000             |
| Building & grounds                      | 21,564              | 10,300              | 10,300                             | 10,300                           | 10,300              |
| Contractual Services (a)                | 533,061             | 545,000             | 611,894                            | 611,894                          | 611,894             |
| Training & meetings                     | 11,983              | 17,200              | 17,200                             | 17,200                           | 17,200              |
| Indirect Costs                          | 962,275             | 962,275             | 873,250                            | 873,250                          | 873,250             |
| Self - Insurance                        | 150,961             | 161,595             | 182,371                            | 182,371                          | 182,371             |
| Misc.                                   | 15,183              | 17,800              | 17,800                             | 17,800                           | 17,800              |
| <b>TOTAL</b>                            | <b>\$5,466,522</b>  | <b>\$5,559,706</b>  | <b>\$6,013,325</b>                 | <b>\$6,013,325</b>               | <b>\$6,013,325</b>  |
| <b>Non-Departmental:</b>                |                     |                     |                                    |                                  |                     |
| Water Fund Payments                     | 510,000             | 600,000             | 600,000                            | 600,000                          | 600,000             |
| Retirees health insurance               | 53,354              | 71,260              | 93,820                             | 93,820                           | 93,820              |
| Financial audit                         | 25,080              | 25,000              | 20,657                             | 20,657                           | 20,657              |
| Est. uncollectable accounts             | 2,603               | 60,000              | 60,000                             | 60,000                           | 60,000              |
| Legal & professional                    | 11,879              | 50,000              | 50,000                             | 50,000                           | 50,000              |
| Compensation Plan Adjustment            | 0                   | 54,000              | 90,000                             | 90,000                           | 90,000              |
| All Other                               | 0                   | 15,000              | 0                                  | 0                                | 0                   |
| <b>TOTAL</b>                            | <b>\$602,916</b>    | <b>\$875,260</b>    | <b>\$914,477</b>                   | <b>\$914,477</b>                 | <b>\$914,477</b>    |
| <b>Major sewer line cleaning (JRI)</b>  | <b>\$15,785</b>     | <b>\$200,000</b>    | <b>\$200,000</b>                   | <b>\$200,000</b>                 | <b>\$200,000</b>    |
| <b>Capital Purchases and Transfers:</b> |                     |                     |                                    |                                  |                     |
| Transfer to Sewer Capital Fund          | \$1,000,000         | \$1,100,000         | \$1,700,000                        | \$1,700,000                      | \$1,700,000         |
| Transfer to Gen Franchise Tax           | 44,394              | 0                   | 0                                  | 0                                | 0                   |
| Transfer to City Fleet Fund             | 120,000             | 0                   | 452,000                            | 452,000                          | 452,000             |
| Capital purchases                       | 184,550             | 55,000              | 10,000                             | 10,000                           | 10,000              |
| <b>TOTAL</b>                            | <b>\$1,348,944</b>  | <b>\$1,155,000</b>  | <b>\$2,162,000</b>                 | <b>\$2,162,000</b>               | <b>\$2,162,000</b>  |
| <b>Debt Service:</b>                    |                     |                     |                                    |                                  |                     |
|   | <b>\$6,205,126</b>  | <b>\$6,317,613</b>  | <b>\$6,870,442</b>                 | <b>\$6,870,442</b>               | <b>\$6,870,442</b>  |
| <b>TOTAL EXPENSES</b>                   | <b>\$13,639,293</b> | <b>\$14,107,579</b> | <b>\$16,160,244</b>                | <b>\$16,160,244</b>              | <b>\$16,160,244</b> |



**Utilities Division Collection System Maintenance.** Provides installation, maintenance, cleaning and repair of sanitary sewer lines and sewer services as well as monitoring of overflow points. Performs line inspections using TV cameras. Provides vermin control. Manages storm water and maintains retention pond grounds. Maintenance of storm and sanitary sewer lines provides flood and pollution control, thus promoting the welfare and health of the public. Services are federally mandated by the Clean Water Act. Oversight is provided by the Department of Environmental Quality.

|                          | Actual<br>FY 2005  | Adopted<br>FY 2006 | Department<br>Requested<br>FY 2007 | Manager's<br>Proposed<br>FY 2007 | Adopted<br>FY 2007 |
|--------------------------|--------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| <b>EXPENSE SUMMARY</b>   |                    |                    |                                    |                                  |                    |
| City Funded Full-Time    | 16                 | 16                 | 16                                 | 16                               | 16                 |
| <b>Total FTE</b>         | 16                 | 16                 | 16                                 | 16                               | 16                 |
| <b>BUDGET SUMMARY</b>    |                    |                    |                                    |                                  |                    |
| Personal services        | \$419,066          | \$458,978          | \$465,779                          | \$465,779                        | \$465,779          |
| Fringe benefits          | 157,223            | 174,980            | 193,804                            | 193,804                          | 193,804            |
| Supplies & materials     | 157,643            | 140,000            | 170,000                            | 170,000                          | 170,000            |
| Gasoline / fuel          | 33,693             | 36,673             | 47,853                             | 47,853                           | 47,853             |
| Internal service charges | 46,282             | 61,273             | 63,281                             | 63,281                           | 63,281             |
| Rentals & leases         | 847                | 1,500              | 1,500                              | 1,500                            | 1,500              |
| Communication charges    | 1,800              | 2,800              | 2,800                              | 2,800                            | 2,800              |
| Buildings & grounds      | 0                  | 300                | 300                                | 300                              | 300                |
| Contractual services     | 33,168             | 70,000             | 66,723                             | 66,723                           | 66,723             |
| Training & meetings      | 4,935              | 5,700              | 5,700                              | 5,700                            | 5,700              |
| Indirect Costs           | 569,316            | 392,959            | 499,548                            | 499,548                          | 499,548            |
| Self - Insurance         | 96,453             | 100,512            | 109,602                            | 109,602                          | 109,602            |
| Misc.                    | 0                  | 300                | 300                                | 300                              | 300                |
| <b>TOTAL</b>             | <b>\$1,520,426</b> | <b>\$1,445,975</b> | <b>\$1,627,190</b>                 | <b>\$1,627,190</b>               | <b>\$1,627,190</b> |

***Sewer Fund – Collection System Maintenance Budget Description***

The Department Requested FY 2007 Utilities Division Sewer Fund – Collection System Maintenance budget of \$1,627,190 represents a 12.5% increase of \$181,215 as compared to the Adopted FY 2006 budget of \$1,445,975.

Significant changes introduced in the Department Requested FY 2007 budget include:

- \$25,625 increase in Salaries and Employee Benefits reflecting FY 2006 compensation adjustments, increased insurance premiums and the end of the life insurance premium holiday.
- \$30,000 increase in Supplies and Materials reflecting additional storm system maintenance.
- \$11,180 increase in Gasoline/Fuel reflecting the rising cost of fuel.
- \$106,589 increase in Indirect Costs based upon the Maximus Indirect Cost Allocation Plan.

All major items requested were proposed by the City Manager for funding.

The Proposed FY 2007 Utilities Division Sewer Fund – Collection System Maintenance budget was adopted by City Council without changes.

***Sewer Fund – Collection System Maintenance Performance Measures*****Goal 1:**

Protect the environment and promote the general health and welfare of the citizens of Lynchburg while maintaining a high level of customer satisfaction.

**Objective:**

Provide pollution and flood control through the maintenance of the sanitary and storm sewer systems.

| Performance Measure:                           | Projected FY 2005 | Actual FY 2005 | Target FY 2006 | Target FY 2007 |
|--|-------------------|----------------|----------------|----------------|
| Number of dry weather sanitary sewer overflows | 26                | 24             | 24             | 22             |
| Linear feet of sewer line televised            | 200,000           | 243,937        | 225,000        | 240,000        |
| Linear feet of sewer line cleaned              | 150,000           | 199,480        | 175,000        | 190,000        |

**Goal 2:**

Adequately operate and maintain the City's wastewater collection system and storm drain system.

**Objective:**

Perform all necessary repairs, replacement, and preventative maintenance for the wastewater collection and storm drainage systems.

| Performance Measure:                              | Projected FY 2005 | Actual FY 2005 | Target FY 2006 | Target FY 2007 |
|---|-------------------|----------------|----------------|----------------|
| Number of sanitary sewer repairs                  | 20                | 127            | 25             | 75             |
| Number of storm drain inlets cleaned and repaired | 5,500             | 8,462          | 6,000          | 7,500          |
| Number of new sewer services installed            | 80                | 97             | 100            | 100            |





**Utilities Division Wastewater Treatment Plant.** Performs secondary treatment for an average of 12 million gallons per day (with peaks up to 28 MGD) of domestic and industrial wastewater. Amherst, Bedford, and Campbell Counties partner with the City in this cooperative endeavor. Rock Tenn wastewater is pretreated, which includes grit removal, screening, and clarification on the plant site and then combined with the domestic wastewater. The combined wastes receive primary settling, aeration, secondary settling, and disinfection before the effluent is discharged into the James River. Sludge produced from the treatment process is dewatered and landfilled. The plant operates continually. Wastewater is treated to meet national environmental stream standards and to promote the general health and welfare of residents of the region. The services provided are federally mandated by the Clean Water Act. Oversight is provided by the Department of Environmental Quality.

|                            | Actual<br>FY 2005  | Adopted<br>FY 2006 | Department<br>Requested<br>FY 2007 | Manager's<br>Proposed<br>FY 2007 | Adopted<br>FY 2007 |
|----------------------------|--------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| <b>EXPENSE SUMMARY</b>     |                    |                    |                                    |                                  |                    |
| City Funded Full-Time      | 28                 | 28                 | 28                                 | 28                               | 28                 |
| <b>Total FTE</b>           | 28                 | 28                 | 28                                 | 28                               | 28                 |
| <b>BUDGET SUMMARY</b>      |                    |                    |                                    |                                  |                    |
| Personal services          | \$940,709          | \$964,197          | \$992,337                          | \$992,337                        | \$992,337          |
| Fringe benefits            | 323,722            | 346,193            | 383,868                            | 383,868                          | 383,868            |
| Supplies & materials       | 295,934            | 293,900            | 305,400                            | 305,400                          | 305,400            |
| Sludge disposal - landfill | 633,399            | 625,000            | 700,000                            | 700,000                          | 700,000            |
| Chemicals                  | 294,585            | 250,000            | 471,000                            | 471,000                          | 471,000            |
| Gasoline / fuel            | 7,399              | 8,527              | 11,244                             | 11,244                           | 11,244             |
| Internal service charges   | 10,493             | 10,615             | 10,744                             | 10,744                           | 10,744             |
| Rentals & leases           | 4,127              | 5,000              | 5,000                              | 5,000                            | 5,000              |
| Communication charges      | 5,145              | 5,900              | 5,900                              | 5,900                            | 5,900              |
| Utilities                  | 439,428            | 460,000            | 470,000                            | 470,000                          | 470,000            |
| Buildings & grounds        | 21,564             | 10,000             | 10,000                             | 10,000                           | 10,000             |
| Contractual services       | 499,893            | 475,000            | 545,171                            | 545,171                          | 545,171            |
| Training & meetings        | 7,048              | 11,500             | 11,500                             | 11,500                           | 11,500             |
| Indirect Costs             | 392,959            | 569,316            | 373,702                            | 373,702                          | 373,702            |
| Self - Insurance           | 54,508             | 61,083             | 72,769                             | 72,769                           | 72,769             |
| Misc.                      | 15,183             | 17,500             | 17,500                             | 17,500                           | 17,500             |
| <b>TOTAL</b>               | <b>\$3,946,096</b> | <b>\$4,113,731</b> | <b>\$4,386,135</b>                 | <b>\$4,386,135</b>               | <b>\$4,386,135</b> |

### ***Sewer Fund – Wastewater Treatment Budget Description***

The Department Requested FY 2007 Utilities Division Sewer Fund – Wastewater Treatment budget of \$4,386,135 represents a 6.62% increase of \$272,404 as compared to the Adopted FY 2006 budget of \$4,113,731.

Significant changes introduced in the Department Requested FY 2007 budget include:

- \$65,815 increase in Salaries and Employee Benefits reflecting FY 2006 compensation adjustments, increased insurance premiums, the end of the life insurance premium holiday as well as the reclassification of one position, and an increase in the wage money for grounds and building maintenance.
- \$75,000 increase in Sludge Disposal/Landfill reflecting additional sludge hauling.
- \$221,000 increase in Chemicals due to significant supplier costs increases, the conversion from chlorine to sodium hypochlorite and an increase in sludge volume.
- \$10,000 increase in Utilities due to the rising cost of natural gas.
- \$195,614 decrease in indirect costs based upon the Maximus Indirect Cost Allocation Plan.
- \$11,686 increase in self insurance costs.

All major items requested were proposed by the City Manager for funding.

The Proposed FY 2007 Utilities Division Sewer Fund – Wastewater Treatment budget was adopted by City Council without changes.

***Sewer Fund – Wastewater Treatment Performance Measures*****Goal 1:**

Protect the environment and promote general health and welfare.

**Objective:**

Treat wastewater from the City of Lynchburg, Amherst, Bedford, and Campbell Counties to meet or exceed all state and federal regulatory requirements.

| Performance Measure:   | Projected FY 2005 | Actual FY 2005 | Target FY 2006 | Target FY 2007 |
|--|-------------------|----------------|----------------|----------------|
| Average volume of wastewater treated per day (million gallons per day)   | 13.5              | 12.65          | 13.1           | 13.2           |
| Number of Discharge Monitoring Report violations per year  | 0                 | 0              | 0              | 0              |
| Percent of Satisfactory ratings on Department of Environmental Quality Technical and Laboratory Inspection Reports | 100               | 100%           | 100            | 100%           |

**Goal 2:**

Operate the Wastewater Treatment Plant in a cost effective and efficient manner.

**Objective:**

Treat wastewater in a technically sound and efficiently operated Regional Wastewater Treatment Plant on an uninterrupted basis.

| Performance Measure:                                 | Projected FY 2005 | Actual FY 2005 | Target FY 2006 | Target FY 2007 |
|--|-------------------|----------------|----------------|----------------|
| Chemical cost per million gallons treated            | \$70              | \$69.85        | \$72           | \$72           |
| Overall treatment cost per million gallons treated   | \$850             | \$854.84       | \$830          | \$850          |
| Percent of sludge disposed of in the City's landfill | 88%               | 91.8%          | 90%            | 90%            |